

S 409 IS

106th CONGRESS

1st Session

**S. 409**

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

**IN THE SENATE OF THE UNITED STATES**

**February 10, 1999**

Mr. KENNEDY (for himself, Mr. DOMENICI, Mr. REID, Mr. GRASSLEY, Mr. ABRAHAM, Mr. ROBB, Ms. COLLINS, Mrs. BOXER, Mr. SANTORUM, Mr. SARBANES, and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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**A BILL**

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. PROVISION OF TECHNICAL ASSISTANCE TO MICROENTERPRISES.**

Title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.) is amended by adding at the end the following new subtitle:

**`Subtitle C--Microenterprise Technical Assistance and Capacity Building Program**

**`SEC. 171. SHORT TITLE.**

`This subtitle may be cited as the `Program for Investment in Microentrepreneurs Act of 1999', also referred to as the `PRIME Act'.

**`SEC. 172. DEFINITIONS.**

`For purposes of this subtitle--

- `(1) the term `Administrator' has the same meaning as in section 103;
- `(2) the term `capacity building services' means services provided to an organization that is, or is in the process of becoming a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs;
- `(3) the term `collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this subtitle;
- `(4) the term `disadvantaged entrepreneur' means a microentrepreneur that is--
  - `(A) a low-income person;
  - `(B) a very low-income person; or
  - `(C) an entrepreneur that lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator;
- `(5) the term `Fund' has the same meaning as in section 103;
- `(6) the term `Indian tribe' has the same meaning as in section 103;
- `(7) the term `intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs as authorized under section 175;
- `(8) the term `low-income person' has the same meaning as in section 103;
- `(9) the term `microentrepreneur' means the owner or developer of a microenterprise;
- `(10) the term `microenterprise' means a sole proprietorship, partnership, or corporation that--
  - `(A) has fewer than 5 employees; and
  - `(B) generally lacks access to conventional loans, equity, or other banking services;
- `(11) the term `microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs or prospective entrepreneurs;
- `(12) the term `training and technical assistance' means services and support provided to disadvantaged entrepreneurs or prospective entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services; and
- `(13) the term `very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2), including any revision required by that section).

## **`SEC. 173. ESTABLISHMENT OF PROGRAM.**

`The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Fund in the form of grants to qualified organizations in accordance with this subtitle.

## **`SEC. 174. USES OF ASSISTANCE.**

`A qualified organization shall use grants made under this subtitle--

- `(1) to provide training and technical assistance to disadvantaged entrepreneurs;
- `(2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;
- `(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and
- `(4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.

## **`SEC. 175. QUALIFIED ORGANIZATIONS.**

`For purposes of eligibility for assistance under this subtitle, a qualified organization shall be--

- `(1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;
- `(2) an intermediary;
- `(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or
- `(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

## **`SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.**

`(a) ALLOCATION OF ASSISTANCE-

`(1) IN GENERAL- The Administrator shall allocate assistance from the Fund under this subtitle to ensure that--

- `(A) activities described in section 174(1) are funded using not less than 75 percent of amounts made available for such assistance; and
- `(B) activities described in section 174(2) are funded using not less than 15 percent of amounts made available for such assistance.

`(2) LIMIT ON INDIVIDUAL ASSISTANCE- No single organization or entity may receive more than 10 percent of the total funds appropriated under this subtitle in a single fiscal year.

`(b) TARGETED ASSISTANCE- The Administrator shall ensure that not less than 50 percent of the grants made under this subtitle are used to benefit very low-income persons, including those residing on Indian reservations.

`(c) SUBGRANTS AUTHORIZED-

`(1) IN GENERAL- A qualified organization receiving assistance under this subtitle may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

`(2) LIMIT ON ADMINISTRATIVE EXPENSES- Not more than 7.5 percent of assistance received by a qualified organization under this subtitle may be used for administrative expenses in connection with the making of subgrants under paragraph (1).

`(d) DIVERSITY- In making grants under this subtitle, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities and racially and ethnically diverse populations.

## **`SEC. 177. MATCHING REQUIREMENTS.**

`(a) IN GENERAL- Financial assistance under this subtitle shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Fund.

`(b) SOURCES OF MATCHING FUNDS- Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in subsection (a).

`(c) EXCEPTION-

`(1) IN GENERAL- In the case of an applicant for assistance under this subtitle with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirements of subsection (a).

`(2) LIMITATION- Not more than 10 percent of the total funds made available from the Fund in any fiscal year to carry out this subtitle may be excepted from the matching requirements of subsection (a), as authorized by paragraph (1) of this subsection.

## **`SEC. 178. APPLICATIONS FOR ASSISTANCE.**

`An application for assistance under this subtitle shall be submitted in such form and in accordance with such procedures as the Fund shall establish.

## **`SEC. 179. RECORDKEEPING.**

`The requirements of section 115 shall apply to a qualified organization receiving assistance from the Fund under this subtitle as if it were a community development financial institution receiving assistance from the Fund under subtitle A.

## **`SEC. 180. AUTHORIZATION.**

`In addition to funds otherwise authorized to be appropriated to the Fund to carry out this title, there are authorized to be appropriated to the Fund to carry out this subtitle--

- `(1) \$15,000,000 for fiscal year 2000;
- `(2) \$25,000,000 for fiscal year 2001;
- `(3) \$30,000,000 for fiscal year 2002; and
- `(4) \$35,000,000 for fiscal year 2003.

## **`SEC. 181. IMPLEMENTATION.**

`The Administrator shall, by regulation, establish such requirements as may be necessary to carry out this subtitle.'.

## **SEC. 2. ADMINISTRATIVE EXPENSES.**

Section 121(a)(2)(A) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4718(a)(2)(A)) is amended--

- (1) by striking `\$5,550,000' and inserting `\$6,100,000'; and
- (2) in the first sentence, by inserting before the period `, including costs and expenses associated with carrying out subtitle C'.

## **SEC. 3. CONFORMING AMENDMENTS.**

Section 104(d) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(d)) is amended--

- (1) in paragraph (2)--
  - (A) by striking `15' and inserting `17';
  - (B) in subparagraph (G)--
    - (i) by striking `9' and inserting `11';
    - (ii) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and
    - (iii) by inserting after clause (iii) the following:
      - `(iv) 2 individuals who have expertise in microenterprises and microenterprise

development;'; and

(2) in paragraph (4), in the first sentence, by inserting before the period `and subtitle C'.

*END*